



Utah Governor's Office of Economic Development

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Exporting to Canada

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CORPORATE INCENTIVES UTAH ■ UTAH FILM COMMISSION ■ INTERNATIONAL DEVELOPMENT
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Doing Business in:



CANADA



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Profile

- Population: 34,030,589 (July 2011 est.)
- Unemployment rate: 8% (2010 est.)
- GDP: \$1.335 trillion (2010 est.)
 - agriculture: 2%
 - industry: 20%
 - services: 78% (2010 est)
- Exports: \$406.8 billion (2010 est.)
 - motor vehicles and parts, industrial machinery, aircraft, telecommunications equipment; chemicals, plastics, fertilizers; wood pulp, timber, crude petroleum, natural gas, electricity, aluminum
- Imports: \$406.4 billion (2010 est.)
 - machinery and equipment, motor vehicles and parts, crude oil, chemicals, electricity, durable consumer goods



Canada

Overview:

- Canada resembles the US in its market-oriented economic system, pattern of production, and affluent living standards.
- The United States and Canada share a \$1 trillion annual bilateral trade and investment relationship with a highly integrated supply chain.
- Canada is the US's largest foreign supplier of energy, including oil, gas, uranium, and electric power.
- North American Free Trade Agreement (NAFTA) provides U.S. exporters with a clear competitive advantage over other foreign competitors in Canada.
- Canada is Utah's 2nd largest trading partner.

Challenges:

- Requirements for Customs documentation, bilingual labeling, packaging requirements and Canadian federal and provincial sales tax accounting can be challenging.
- Very few trade barriers due to NAFTA. However, Canada does maintain some non-tariff barriers at the federal and provincial levels that are a concern because they impede market access to some U.S. goods and services. Nevertheless, recent studies show that 99 percent of all traded goods and services cross the border without incident or controversial trade restrictions



Utah Exports to Canada

Rank	Description	ANNUAL 2008	ANNUAL 2009	ANNUAL 2010	%2008- 2009	%2009- 2010
	TOTAL ALL COMMODITIES	1,082,806,657.	1,019,426,961.	1,261,863,789.	-5.85	23.78
1	Nat Etc Pearls, Prec Etc Stones, Pr Met Etc; Coin	8,594,727.	82,902,256.	209,214,559.	864.57	152.36
2	Vehicles, Except Railway Or Tramway, And Parts Etc	141,142,591.	90,508,859.	128,701,632.	-35.87	42.20
3	Industrial Machinery, Including Computers	108,037,346.	102,442,105.	119,248,319.	-5.18	16.41
4	Electric Machinery Etc; Sound Equip; Tv Equip; Pts	65,990,607.	52,223,303.	67,403,344.	-20.86	29.07
5	Explosives; Pyrotechnics; Matches; Pyro Alloys Etc	54,591,487.	40,037,379.	60,457,499.	-26.66	51.00
6	Aircraft, Spacecraft, And Parts Thereof	95,753,819.	93,382,913.	59,838,740.	-2.48	-35.92
7	Optic, Photo Etc, Medic Or Surgical Instrments Etc	68,618,411.	57,697,026.	58,398,790.	-15.92	1.22
8	Articles Of Iron Or Steel	59,107,449.	36,742,102.	46,861,318.	-37.84	27.54
9	Plastics And Articles Thereof	31,013,912.	29,687,236.	43,544,589.	-4.28	46.68
10	Tools, Cutlery Etc. Of Base Metal & Parts Thereof	31,954,749.	16,819,093.	42,260,325.	-47.37	151.26



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Market

Opportunity Clusters:

- **Aerospace:** In addition to opportunities for U.S. aircraft manufacturers of aircraft both large and small, U.S. aerospace industry suppliers will find expanding opportunities as suppliers for Canadian aerospace manufacturers.
- **Automotive supply chain:** About one-fourth of existing U.S.-Canada trade involves the expanding Midwest-Ontario automotive supply chain that offers opportunities for U.S. auto parts suppliers as well as companies offering advanced manufacturing technology and services.
- **Energy/natural resources sector:** Major projects in this area offer rich opportunities for U.S. energy and renewable energy firms, construction/engineering firms, as well as companies active in environmental services, remediation and financial/management services.
- **Tourism (Canadian) to the United States:** A strong Canadian dollar will lead to greater Canadian tourism in the United States, offering opportunities for U.S. hotels and restaurants, tourist agencies, airlines, and real estate developers.
- **Expanding Canadian federal and provincial procurements:** which offer opportunities in defense, security systems, construction and engineering services, and information technology/telecommunications.



Market

Entry Strategy:

- establish a presence in the country either by setting up an office or by appointing an agent or distributor
- minimize the Canadian customer's work by adapting the transaction to resemble a Canadian domestic transaction as much as possible
- site visits, participation in local trade events and symposiums and one on one meetings to perform the necessary due diligence, screen potential agents and distributors, and establish a solid business relationship.



Selling US Products/Services

- Canada is a huge country, and it is usually prudent to secure a manufacturer's agent near your potential buyers:

To sell to

The aerospace sector

The auto sector

The government

Alberta oil sands developers

Secure an agent in

Montreal

Toronto

Ottawa

Calgary or Edmonton

- Large industrial equipment is usually purchased directly by end-users. In contrast, smaller equipment and industrial supplies are frequently imported by wholesalers, exclusive distributors, or by manufacturers' sales subsidiaries.
- Consumer goods are usually purchased directly by Canadian wholesalers, department stores, mail-order houses, chain stores, purchasing cooperatives, and single-line retailers.



Selling US Products/Services

- **Manufactured goods:**

Although U.S. firms have experienced success in marketing directly to Canadian manufacturers, in general, your odds of success are multiplied if you work through a manufacturer's representative or local agent. In addition, the importance of having a robust website is highly suggested.

- **Services:**

For U.S. firms marketing services (most often this means construction, engineering, or logistical services), we strongly recommend partnering with at least one Canadian firm. Partnering with a Canadian firm will make your firm more competitive in bidding situations because Canadian government buyers prefer to give major contracts to local firms, or at least to bids with strong local content. In addition, due to Canadian work permit requirements, it will usually be necessary to have a local partner with local employees to carry out a great deal of the actual work.

- **Consumer goods:**

Canada's consumer goods market is small (34.2m population). That said, major U.S. retailers are already present and others have plans to enter or expand local presence through major investments including Target Corp., Wal-Mart, and the Tanger Outlet Malls. Competitively priced, quality, and unique products have a good chance to obtain market share in Canada and should consider selling via the internet as a low-cost strategy.



Selling US Products/Services

- **Establishing an office:**

U.S. companies can establish a representative office or branch offices, set up a sole proprietorship or partnership, or incorporate a wholly owned subsidiary or joint venture in Canada. Corporations can be public or private, and incorporated federally or under the laws of a province.

- **Franchising:**

Although there are no federal franchise laws, Ontario, Prince Edward Island, and Alberta do have franchise specific-legislation aimed at ensuring small business investors are better able to make informed decisions prior to committing to franchise agreements.

- **Direct marketing:**

Tapping into this market can be as easy as placing an advertisement in a magazine or on the Internet. In general, Canadian audiences are targeted using the same techniques used in the United States.



Selling US Products/Services

- **Joint Ventures/Licensing:**

The Canadian legal system imposes few restrictions on joint ventures or licensing. Some joint ventures require approval from the Government of Canada under the Investment Canada Act; but, for the vast majority of new ventures, foreign investors need only notify the Canadian government of their investment.

- **Selling to the government:**

As a signatory to the WTO Agreement on Government Procurement (GPA) and to NAFTA, Canada allows U.S. suppliers to compete on a nondiscriminatory basis for its federal government contracts covered by the two agreements. The federal Government of Canada spends approximately CDN\$20 billion on goods and services every year from thousands of suppliers. There are over 85 departments, agencies, Crown Corporations and Special Operating Agencies.





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